

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
EAST ORANGE COUNTY WATER DISTRICT

December 20, 2012

1. **Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by WILLIAM VANDERWERFF, President of the Board of Directors, at 5:00 p.m. on Thursday, December 20, 2012, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BARRETT, RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
JOAN ARNESON	District Secretary and Legal Counsel
DOUG CHAPMAN	Former Director
LARRY DICK	Municipal Water District of Orange County
DENIS BILODEAU	City of Orange/OCWD
PAUL KAYMARK	Charles Z. Fedak & Co.

2. **Organizational.**

A. **Election Results/Oath of Office.** Ms. ARNESON administered the oath of office to Directors DAVERT and VANDERWERFF, who were elected on November 6, 2012.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the certificates of the November 6, 2012 election results were received and filed.

B. **Election of Officers.** Directors VANDERWERFF and BARRETT were nominated for the offices of President and Vice President, respectively. Nominations were closed.

ACTION TAKEN:

Upon motions duly made, seconded and carried unanimously, Directors VANDERWERFF and BARRETT were elected as President and Vice President, respectively.

C. **Committee/Designated Representative Assignments.** President VANDERWERFF said he would like to talk to the members about their interests in committee assignments but in the interim, he appointed Director DAVERT to serve on the Finance and Consolidation Committees and otherwise left the current assignments in place.

D. **Recognition of Outgoing Director.** Ms. OHLUND said at a special meeting earlier in the day a resolution of commendation of outgoing Director DOUGLAS CHAPMAN was presented from the County. At her request, LARRY DICK then read a proposed resolution of the EOCWD Board recognizing Mr. CHAPMAN's 29 years of service on the Board.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 712 was adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Expressing Appreciation, Commemorating and Inviting Public Attention to the Outstanding Services Rendered By Douglas M. Chapman As A Member of the District's Board of Directors."

E. **Recognition of Employee Accomplishments.** Ms. OHLUND noted that at the special meeting earlier in the day the Board recognized the employees of the District, and she had commented on the contributions of each of them, with added comments by President VANDERWERFF. President VANDERWERFF recapped, remarking on the appreciation due the District's small staff for their work in operating the District.

3. **Public Communications to the Board.** Mr. DICK added a note of appreciation for the opportunity to work with DOUG CHAPMAN and welcomed Director DAVERT to special district service. Mr. BILODEAU also expressed appreciation to DOUG CHAPMAN for his service to the community and said he would be visiting the Board and other producers in the coming year in relation to Orange County Water District's 80th anniversary.

4. **Items Arising After Posting of Agenda.** Director DULEBOHN said that he had learned of a California Special Districts Association board member training course that he would like to attend.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, it was determined that the need to take immediate action on such item came to the District's attention after the posting of the agenda, and it was added to the agenda (Item 9, below).

8. **Financial Matters.**

D. **Audited Financial Statements.** Using slides, Mr. KAYMARK highlighted various pages and schedules from the statements, including wholesale and retail operating and non-operating revenues and expenses, and comparisons with the prior year. He noted the prepayment of remaining outstanding debt. Ms. OHLUND recommended that the Board consider as a policy matter a means of addressing the structural shortfall in covering depreciation in the wholesale system over the last few years. President VANDERWERFF requested that the Finance Committee take this discussion up.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the audited financial statements and management letter for the fiscal year ended June 30, 2012 were received and filed.

5. **General Manager's Report.** Director DAVERT reported that Ms. OHLUND and Mr. MENDZER provided him with a very informative orientation and tour of the system. He said he appreciated the assistance and was looking forward to working with everyone.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager's Report was received and filed.

6. **Minutes.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried 4-0-1 (DAVERT abstaining), the minutes of the meeting of November 15, 2012, were approved as submitted.

7. **Operation, Management and Construction Matters.**

A. **East Well Rehabilitation and Repair.** Ms. OHLUND reported that the bids were very close. Director DAVERT suggested consideration of a contingency in future project awards as it can avoid a delay in the work that might occur if the General Manager has insufficient authority for a change order.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, a contract for the East Well Rehabilitation Project was awarded to Tri County Pump Company, in the amount of \$41,727.00, and the General Manager was authorized to execute the contract on behalf of the District.

B. Water Demand Status Report. Ms. OHLUND summarized the report. Director BELL commented that with demand changes it is sometimes difficult to separate the effect of the economy and the effect of weather.

8. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$599,743.47 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account (closed), \$2,809.54 for directors' payroll, and \$38,042.77 for employees' payroll. On behalf of the Finance Committee, Director DULEBOHN recommended approval.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of disbursements were approved as submitted.

B. Investment Activity. Ms. OHLUND reported that the next maturing CD increment reinvestment will reduce yield a little to maintain the policy objective for average maturity. On behalf of the Finance Committee, Director DULEBOHN recommended approval of the investment schedules.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of investments were ratified and approved.

C. Financial Statements (October 31). On behalf of the Finance Committee, Director DULEBOHN recommended receipt and filing of the financial statements.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the financial statements were received and filed.

9. Miscellaneous Matters.

A. Report on ACWA Fall Conference. Ms. OHLUND commented that ACWA has listened to its membership, and the usefulness of the conference sessions has improved. Director BARRETT said her written summary was appreciated.

Added Item.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Director DULEBOHN was authorized to attend the CSDA board member conference to be held in Fountain Valley.

- B. Reports from Committees and Representatives to Organizations. None.
- C. Directors' Reports on Meetings Attended. None.

10. Informational Items. None.

11. Closed Session. President VANDERWERFF announced that the Board would meet in the following closed session as listed in the agenda: **(A)** conference with legal counsel – anticipated litigation – significant exposure to litigation (Government Code Section 54956.9(b)) (one potential case – notice of breach of Crown telecommunications lease, on file with the District).

OPEN SESSION

Open session was resumed. No action was reported from the closed session.

12. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:30 p.m., the next regular meeting date and time being Thursday, January 17, 2013, at 5:00 p.m., to be held in the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,



Joan C. Arneson